

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 COME-00 EB-08 AID-05 OMB-01 IGA-02

TRSE-00 DOTE-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 /073 W

-----073251 131235Z /40

R 130925Z SEP 77

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC 3491

INFO AMEMBASSY DAKAR

AMEMBASSY FREETOWN

AMEMBASSY MONROVIA

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E.O. 11652: N/A

TAGS: EFIN, EAIR, GV

SUBJECT: BOEING SALES TO GUINEA

REF: STATE 165162

SUMMARY: BOEING REP'S VISIT TO GUINEA MADE GOOD IMPRESSION ON GOG. AIR GUINEA (AG) DESIRES MID-1979 DELIVERY OF ONE BOEING 737 AND IMMEDIATE "WET LEASE" OF ONE B-707. MAIN OBSTACLE TO 737 PURCHASE MAY PROVE TO BE GUINEAN CREDIT-WORTHINESS. BOEING AGREED TO FOLLOW-UP VISITS FOR

AIRPORT EVALUATION, ECONOMIC FEASIBILITY STUDIES AND AIRCRAFT TECHNICIANS. AIRPORT DEVELOPMENT PROJECT COULD GROW OUT OF ANY JET ACQUISITION. END SUMMARY.

1. DURING VISIT TO CONAKRY BY BOEING REP JOHN FITZGERALD ON AUGUST 30-SEPTEMBER 2, AIR GUINEA (AG) STATED THAT IT WANTED TO BUY AND/OR LEASE TWO BOEING AIRCRAFT. DIRECTOR-GENERAL OF AG RECEIVED FAVORABLE SUGGESTION OF POSSIBLE LIMITED OFFICIAL USE

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MID-1979 DELIVERY OF ONE 737 AND IMMEDIATE "WET LEASE" (I.E. LEASE OF PLANE WITH SERVICING, CREW, ETC.) OF ONE USED 707. BOEING REP ESTIMATED LEASE WOULD COST ABOUT \$1 1/2-2 MILLION PER YEAR. THESE WOULD BE ADDITIONS TO CURRENT AG FLEET. NO LETTER OF INTENT WAS SIGNED HOWEVER.

2. BOEING PLANS SEVERAL FOLLOW-UP VISITS FOR AIRPORT

EVALUATION, ECONOMIC FEASIBILITY STUDY AND AIRCRAFT TECHNICIANS AND WILL COORDINATE VISITS WITH EMBASSY. ONE TECHNICIAN SCHEDULED ARRIVED MID-SEPTEMBER.

3. AG PLACED URGENCY ON 707 REQUEST BY GIVING OCTOBER 10, 1977, DEADLINE FOR AIRCRAFT'S ARRIVAL IN GUINEA. AG SAID IT PLANS TO USE 707 TO TRANSPORT RELIGIOUS PILGRIMS TO MECCA THIS FALL. LONGER TERM USES WOULD BE RELIGIOUS PILGRIMAGES, CARRIAGE OF EDUCATORS AND STUDENTS TO AND FROM EUROPE, FRUIT EXPORTS AND OTHER CARGO, VIP TRAVEL, ETC. BOEING AGREED TO HELP GOG LOOK FOR A 707 THAT WOULD BE PUT UNDER LEASE PURCHASE AGREEMENT QUICKLY.

4. AG STATED FLATLY THAT IT WOULD PURCHASE BOEING'S FIRST AVAILABLE 737 DELIVERY IN MID-1979. AG WOULD USE 737 FOR REGIONAL ROUTE TO NORTH AFRICA, OTHER WEST AFRICAN POINTS, AND POSSIBLY ON A CONAKRY-KANKAN OR CONAKRY-YOMOU ROUTE. (YOMOU IS NEAR SITE OF MIFEGUI-NIMBA MINE PROJECT). MAIN OBSTACLE TO 737 PURCHASE WILL BE AVAILABILITY OF FINANCE AND GUINEAN CREDIT WORTHINESS. EXIMBANK WILLINGNESS TO ASSIST COULD BE CRUCIAL TO SALE ALTHOUGH GOG COULD OF COURSE LOSE INTEREST IN 737 THROUGH SHIFTS IN POLITICAL OR GUINEAN FINANCIAL SITUATION OR COMPETITION FROM OTHER AIRCRAFT.

5. BOEING REP WAS GIVEN VIP TREATMENT INCLUDING LENGTHY LIMITED OFFICIAL USE

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MEETINGS WITH MINISTER OF DOMAIN OF EXCHANGE ABDOULAYE TOURE, FORTY MINUTES WITH PRESIDENT SEKOU TOURE AND, AT PRESIDENT'S ORDER, PRIVATE SHOWING OF NATIONAL BALLET GROUP. BOEING REP WAS MET AND SEEN OFF BY LARGE GOG DELEGATIONS, INCLUDING MINISTER OF TRANSPORT THIAM.

6. COMMENT: IN RESPONSE TO BOEING REP'S QUESTION, AG WAS VAGUE ABOUT SOURCES OF FUNDS FOR LEASE OR PURCHASE. GUINEA CHRONICALLY LACKS FOREIGN EXCHANGE. EMBASSY DOES NOT BELIEVE THAT GOG HAS PUT GREAT DEAL OF THOUGHT INTO FINANCING AIRCRAFT PURCHASE. N'FALY SANGARE, MINISTER OF PLAN AND DEVELOPMENT, HAS ALREADY HINTED TO CHARGE THAT GUINEA MAY SEEK BETTER STANDING WITH EXIMBANK. GIVEN RAPIDLY INCREASING MINERAL EXPORTS GOG MAY HAVE SOME RESOURCES TO PURCHASE PLANES BUT ONLY BY SACRIFICING CERTAIN OTHER GOG OBJECTIVES. FURTHER, ACQUISITION OF JETS WOULD REQUIRE SUBSTANTIAL NEW INVESTMENT IN SUCH AIRPORT FACILITIES AND EQUIPMENT AS AVIONICS, BOARDING STAIRWAYS, MAINTENANCE AND TRAINING, REFUELING EQUIPMENT. AG INDICATED THAT GOG IS AWARE OF THIS AT DECISION-MAKING LEVELS. NEVERTHELESS, ONE OBSERVER INDICATED THAT CLAIMED ABILITY TO "CONVERT" ILYUSHIN AND ANTONOV PILOTS TO BOEING

JETS MAY PROVE ILLUSORY SINCE GUINEAN GROUND AND FLIGHT CREWS ARE NOT ANYWHERE CLOSE TO U.S. STANDARDS.

7. DESPITE MAJOR PROBLEMS AHEAD FOR THIS POTENTIAL ACQUISITION, IT AT LEAST OPENS DOOR TO U.S. FOR FURTHER DIALOGUE WITH GUINEA. BOEING'S APPROACH SEEMS RESPONSIBLE, TAKING GOG STEP-BY-STEP THROUGH TECHNICAL AND FINANCIAL IMPLICATIONS OF SUCH AN ACQUISITION, BY FURTHER STUDIES AND VISITS. WE WILL PROBABLY GET BOEING INSPECTION IF NOT FAA INSPECTION OF AIRPORT AVIONICS AND COMMUNICATIONS FACILITIES THAT HAVE BEEN OFF-LIMITS TO U.S. UNTIL NOW. (THIS MAY IN TURN OPEN WAY FOR U.S. FIRMS INTERESTED IN AIRPORT DEVELOPMENT ON SMALL SCALE TO DO SOME CONSULTING WORK. GUINEANS, IN EMBASSY JUDGMENT, WILL BE OPEN TO LIMITED OFFICIAL USE

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OVERTURES BY U.S. FIRMS WITH WELL ESTABLISHED REPUTATIONS AND CREDENTIALS IN OTHER LDC'S).

8. ACTION REQUESTED: (A) THAT DEPARTMENT FACILITATE ANY FURTHER BOEING COMMUNICATIONS WITH EMBASSY SINCE COMMERCIAL TELEX IS UNRELIABLE HERE AND; (B) THAT DEPARTMENT INFORM POST IF IT LEARNS OF ANY U.S. FIRMS THAT MIGHT BE POTENTIAL "WET LESSORS", WITH ACCOUNT TAKEN OF GUINEA'S EXTREMELY DIFFICULT BUSINESS ENVIRONMENT. MAINLAND

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Disposition Approved on Date:
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